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Message Text

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SUBJECT: MITSUI SEEKS U.S. CONSUMER GOODS

SUMMARY: THE GENERAL MERCHANDISE DIVISION OF THE OSAKA OFFICE OF MITSUI AND CO., LTD., WTDR IN PREPARATION AT EMBASSY TOKYO; OLD WTDR DATED 1974, HAS ORGANIZED A PROJECT TEAM TO STUDY THE FEASIBILITY OF IMPORTING AND DISTRIBUTING CONSUMER GOODS FROM THE UNITED STATES. THE POST UNDERSTANDS THAT MR. YOSHIZO IKEDA, PRESIDENT OF MITSUI AND THE LEADER OF THE LARGE JAPANESE TRADE MISSION THAT VISITED THE US LAST MARCH, PERSONALLY INITIATED THE STUDY. CONSUMER GOODS SOUGHT COVER THE GAMUT FROM ELECTRICAL APPLIANCES TO HOME FURNISHINGS AND HOUSEWARES. FOOD ITEMS AND CLOTHING ARE ALSO BEING CONSIDERED ALTHOUGH MITSUI ALREADY HAS DIVISIONS SPECIALIZING IN THOSE ITEMS. THE PROJECT TEAM LEADER HAS ASKED FOR POST ASSISTANCE IN LOCATING CENTRALIZED

SUPPLIERS OF CONSUMER GOODS IN THE US. END SUMMARY.

1. PROJECT TEAM LEADER CALLED ON COMMERCIAL OFFICER TO EXPLAIN MITSUI'S PLAN AND TO ASK FOR ASSISTNCE. HE EXPLAINED THAT MITSUI IS ORIENTED TO DEALING IN LARGE VOLUMES BUT IS NOT ADEPT AT HANDLING THE NUMBER OF
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SMALL-VOLUME TRANSACTIONS WHICH ARE INEVITABLE IN PURCHASING CONSUMER GOODS FROM A NUMBER OF SOURCES, AND THAT AN ATTEMPT TO DEAL WITH A LARGE NUMBER OF INDIVIDUAL MANUFACTURERS OR DEALERS WOULD RESULT IN HIGH OVERHEAD COSTS WHICH WOULD THEN MAKE THE CONSUMER GOODS PROHIBITIVELY EXPENSIVE ON THE JAPANESE MARKET.

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2. AS A RESULT, MITSUI IS EXPLORING THE POSSIBILITY OF USING EXISTING BUYING MECHANISMS FOR CONSUMER GOODS IN THE U.S. AFTER CONSIDERING THE TIE-UP RELATIONS EXISTING BETWEEN SEARS AND SEIBU, AND BETWEEN J.C. PENNEY AND DAIEI, MITSUI HAS CONCLUDED THAT A TIE-UP RELATIONSHIP BETWEEN IT AND AN AMERICAN DEPARTMENT STORE CHAIN OR OTHER CONSUMER-GOODS RETAIL CHAIN MAY BE THE BEST WAY TO ACHIEVE THE VOLUME AND ECONOMIES IT DESIRES. MITSUI IS ALSO INTERESTED IN KNOWING MORE ABOUT THE CAPABILITIES OF INDEPENDENT SALESMEN, BROKERS, OR DEALERS WHO SELL TO AND/OR BUY FOR AMERICAN DEPARTMENT STORES, SUPERMARKETS AND OTHER RETALI OUTLETS. IF THEY HAVE THE ABILITY TO PUT TOGETHER A VARIETY OF MERCHANDISE AND HANDLE A LARGE VOLUME OF BUSINESS AT A REASONABLE COST, MITSUI WOULD LIKE TO DISCUSS ITS PLAN WITH THEM.

3. AT PRESENT, MITSUI CANNOT PREDICT THE VOLUME OF CONSUMER GOODS SALES IT WILL EVENTUALLY ACHIEVE. HOWEVER, AS USDOC IS AWARE, MITSUI IS JAPAN'S LARGEST GENERAL TRADING COMPANY. IT INTENDS TO SELL THE IMPORTED MERCHANDISE DIRECTLY TO DEPARTMENT STORES, DISCOUNT STORES, AND SUPER-MARKET CHAINS. BY SO DOING, IT WILL ELIMINATE A NUMBER OF MARK-UPS ON THE MERCHANDISE WHICH WOULD HAVE NORMALLY OCCURRED AS IT MOVED THROUGH JAPAN'S COMPLEX DISTRIBUTION SYSTEM. CONSEQUENTLY, THE JAPANESE CONSUMER, AND THE AMERICAN EXPORTER, SHOULD BENEFIT GREATLY IF MITSUI
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SUCCEEDS IN IMPLEMENTING ITS PLAN.

4. MITSUI WOULD BE HAPPY TO SEND ITS STAFF MEMBERS TO THE U.S. TO MEET WITH POTENTIAL AMERICAN SUPPLIERS. THE MITSUI CONTACT IS:

MR. YOSHIRO KURAOKA
ADVISOR TO THE GENERAL MANAGER
GENERAL MERCHANDISE AND LUMBER DIVISION
MITSUI AND CO., LTD., OSAKA BRANCH
25 NAKANOSHIMA 2-CHOME
KITA-KU, OSAKA 530, JAPAN.

5. COMMENT: POST WOULD APPRECIATE USDOC'S SUGGESTIONS OR COMMENTS ON THIS MITSUI PLAN. WOULD USDOC CONSIDER THE BUYING ORGANIZATIONS OF NATIONWIDE OR REGIONAL DEPARTMENT STORE CHAINS AS MOST LIKELY PROCUREMENT SOURCES FOR MITSUI? OR WOULD INDEPENDENT BROKERS/DEALERS BE MORE SUITABLE? THE POST AND MITSUI EAGERLY AWAIT YOUR COMMENTS AND SUGGESTIONS.
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